

Message Text

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ACTION EUR-12

INFO OCT-01 EA-07 IO-13 ISO-00 CIAE-00 COME-00 EB-07
INR-07 LAB-04 NSAE-00 SIL-01 PA-01 PRS-01 USIA-06
TRSE-00 SS-15 NSC-05 /080 W
-----062341Z 059774 /66

R 061721Z MAY 77
FM AMEMBASSY LONDON
TO SECSTATE WASHDC 3588
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY THE HAGUE
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
USMISSION EC BRUSSELS
USMISSION NATO
USMISSION OECD PARIS
USMISSION GENEVA
USNMR SHAPE
AMEMBASSY TOKYO
AMEMBASSY KUALA LUMPUR
AMCONSUL BELFAST
AMCONSUL EDINBURGH

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TAGS: ELAB, UK, PINT
SUBJECT: A SHADOW SUMMIT: WORLD LABOR LEADERS MEET IN
LONDON WITH THE PRIME MINISTER

BEGIN SUMMARY: A DELEGATION OF LEADING TRADE UNIONISTS
FROM BRITAIN, THE UNITED STATES, GERMANY, JAPAN, AND
MALAYSIA MET WITH PRIME MINISTER JAMES CALLAGHAN MAY 5
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IN HIS CAPACITY AS CHAIRMAN OF THE DOWNING STREET SUMMIT.
IN A STATEMENT PRESENTED BY TUC GENERAL SECRETARY LEN
MURRAY (BASED ON A TUAC-OECD STATEMENT AGREED IN PARIS
THAT DAY), THE DELEGATION URGED THE HEADS OF GOVERNMENT
TO ACCEPT A FASTER GROWTH RATE IN ORDER TO RESOLVE THE
PROBLEM OF HIGH UNEMPLOYMENT' ESPECIALLY FOR YOUNG
PEOPLE; TO CONSIDER A CHANGE IN THE INTERNATIONAL MONE-

TARY SYSTEM BY ELIMINATING FLOATING CURRENCIES; AND TO TAKE OTHER MEASURES TO ELIMINATE THE INEQUALITIES BETWEEN RICH AND POOR CITIZENS OF NATIONS AND AMONG NATIONS. THE PRIME MINISTER SAID HE SYMPATHIZED WITH THE VIEWS EXPRESSED, WHICH HE PROMISED TO CONVEY TO THE OTHER HEADS OF GOVERNMENT, BUT HE WAS NOT TOO HOPEFUL THAT THE DELEGATION'S PROPOSALS WOULD BE ACCEPTABLE. END SUMMARY.

1. TUC GENERAL SECRETARY LEN MURRAY SUMMARIZED THE BASIC VIEWS OF THE TRADE UNION DELEGATION AND SAID THAT THEY ALSO REFLECTED THE GENERAL POSITION OF ALL THE TRADE UNION CENTERS WHICH ARE MEMBERS OF THE OECD'S TRADE UNION ADVISORY COMMITTEE (TUAC). THE DELEGATION ALSO INCLUDED S. "CHICK" CHAIKIN, AN AFL-CIO VICE PRESIDENT AND PRESIDENT OF THE INTERNATIONAL LADIES' GARMENT WORKERS UNION; HEINZ VETTER, PRESIDENT OF THE GERMAN DGB; ICHIRO SHIOJI, A VICE PRESIDENT OF THE JAPANESE TRADE UNION CENTER, DOMEI, AND PRESIDENT OF THE JIDOSHA-ROREN, THE JAPANESE AUTOWORKERS UNION; AND P.P. NARAYANAN, HEAD OF THE MALAYSIAN PLANTATION WORKERS UNION AND PRESIDENT OF THE INTERNATIONAL CONFEDERATION OF FREE TRADE UNIONS (ICFTU).

2. MURRAY, IN A STATEMENT PRESENTED TO CALLAGHAN (BEING POUCHED), REJECTED THE NOTION THAT "UNEMPLOYMENT AND INFLATION ARE ALTERNATIVE POLICY OPTIONS WHEN INDUSTRIES ARE FACED BY MASSIVE UNUSED CAPACITY", AND HE ASSERTED THAT "UNEMPLOYMENT ITSELF CAN INDEED CREATE INFLATIONARY PRESSURES AS PRODUCTIVITY IS SUPPRESSED, LEADING TO LIMITED OFFICIAL USE

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HIGHER UNIT COSTS AND, IN MANY CASES, HIGHER PRICES." HE SAID THAT A HIGH LEVEL OF UNEMPLOYMENT FUELS INFLATION IN THAT FINANCING UNEMPLOYMENT BENEFITS "MEANS PAYING PEOPLE TO PRODUCE NOTHING WHEN THERE ARE AREAS OF NEED IN OUR SOCIETIES CRYING TO BE MET." FURTHERMORE, SAID MURRAY, THE SUMMIT MUST CONSIDER WAYS TO ELIMINATE THE INEQUALITIES NOT ONLY BETWEEN RICH AND POOR WITHIN NATIONS BUT AMONG NATIONS, AND HE ARGUED THAT THE SYSTEM OF FLOATING CURRENCIES HAD FAILED TO NARROW THE GAP BETWEEN STRONG AND WEAK ECONOMIES.

3. CHAIKIN VERY HEAVILY UNDERSCORED MURRAY'S GENERAL VIEWPOINT AND MADE IT VERY CLEAR THAT THERE WAS A SHARP DIFFERENCE OF APPROACH BETWEEN THE AFL-CIO AND THE ADMINISTRATION OF PRESIDENT CARTER ON ECONOMIC ISSUES. HE TOLD US HE STRESSED THAT THE UNEMPLOYMENT LEVEL MUST BE REDUCED EVEN IF IT MEANT AN INCREASE OF ONE TO TWO PERCENT IN INFLATIONARY LEVELS. MOREOVER, HE ADDED' THE MAJOR CAUSES OF INFLATION WERE TO BE FOUND ELSEWHERE

IN THE FORM OF HIGHER OIL PRICES, HIGH INTEREST RATES,
AND THE LACK OF EFFECTIVE PRICE COMPETITION. HE WARNED
THAT CONTINUED HIGH UNEMPLOYMENT LEVELS IN THE UNITED
STATES WOULD RESULT IN TRADE UNION CALLS FOR HELP IN
REDUCING IMPORTS, WITH CONSEQUENT HARMFUL EFFECT ON THIRD
WORLD AND OTHER COUNTRIES (CITING TEXTILE AND STEEL
AS SPECIAL PROBLEMS). THE PRIME MINISTER INDICATED TO

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CHAIKIN THAT HE HAD SENT A LETTER TO PRESIDENT CARTER

ALONG SIMILAR LINES.

4. CHAIKIN SAID THAT THE GERMAN TRADE UNION LEADER, HEINZ VETTER, APPEARED TO "SIDESTEP" THE BASIC THEME OF LIMITED OFFICIAL USE

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REFLATION WHICH WAS STRESSED IN THE GENERAL STATEMENT PRESENTED BY MURRAY. INSTEAD, HE APPEARED MORE CONCERNED AT THE HIGH LEVEL OF SAVINGS IN GERMANY, SOME OF WHICH NEEDED TO BE DEFLECTED TO CONSUMER PURCHASING. VETTER ADDED, HOWEVER, THAT THIS REQUIRED A NEW CLIMATE OF CONFIDENCE IN THE GERMAN ECONOMY ON THE PART OF THE CONSUMING PUBLIC. THE JAPANESE LEADER, SAID CHAIKIN, SPOKE ONLY BRIEFLY, BUT HE INDICATED THAT HE WAS PREPARED TO DISCUSS WITH HIS FELLOW TRADE UNION LEADERS AND HIS GOVERNMENT THE NEED FURTHER TO INHIBIT EXPORTS IN ORDER TO HELP OTHER COUNTRIES. P.P. NARAYANAN STRONGLY ARGUED THE CASE FOR POLICIES TO ASSIST THE THIRD WORLD AND IN PARTICULAR FOR A JUST RETURN TO DEVELOPING COUNTRIES FOR THEIR VITAL COMMODITIES.

5. THE PRIME MINISTER, IN HIS BROAD RESPONSE TO THE GENERAL STATEMENT OF MURRAY AND TO THE INDIVIDUAL INTERVENTIONS OF THE OTHER MEMBERS OF THE DELEGATION, PROMISED TO CONVEY THEIR VIEWS TO THE OTHER HEADS OF GOVERNMENT. HE TOLD THEM FRANKLY, HOWEVER, THAT HE DID NOT BELIEVE HIS COLLEAGUES AT THE SUMMIT WOULD BE AMENABLE TO THE TRADE UNION VIEWS SINCE THEY HAVE OTHER IDEAS ON HOW TO FIGHT INFLATION. HE ALSO STRONGLY DOUBTED WHETHER THE WEALTHIER COUNTRIES, SUCH AS THE UNITED STATES AND THE FEDERAL REPUBLIC, WOULD BE DEFLECTED FROM THEIR CURRENT POLICIES. HE EXPRESSED THE HOPE THAT THESE COUNTRIES WOULD AT LEAST KEEP TO THEIR PROJECTED GROWTH TARGETS RATHER THAN ANNOUNCING AT THE END OF THE YEAR A LOWER PROJECTION GOAL.

6. COMMENT: ALTHOUGH THE DELEGATION CLEARLY AGREED TO THE BROAD GENERAL APPROACH PUT FORWARD BY THE BRITISH TRADE UNION LEADER, MURRAY, THE SEVERAL MEMBERS IN THEIR OWN INTERVENTIONS CLEARLY REFLECTED THE SPECIAL ENVIRONMENT IN WHICH THEIR OWN UNIONS EXISTED. THEIR VIEWS MAY NOT, AS THE PRIME MINISTER SUGGESTED, HAVE A DIRECT LIMITED OFFICIAL USE

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EFFECT ON THE SUMMIT THINKING, BUT IT IS NONETHELESS REMARKABLE THAT THE TUC WAS ABLE TO ARRANGE THIS INTER-

NATIONAL LABOR DELEGATION ON ONLY A FEW DAYS' NOTICE.
THIS JOINT EFFORT ALSO REPRESENTS ONE OF THE MOST IM-
PORTANT COLLABORATIVE EFFORTS BETWEEN THE AFL-CIO AND
THE TUC, AND MURRAY AND HIS ASSOCIATES WERE PARTICULARLY
GRATIFIED THAT CHAIKIN FLEW FROM WASHINGTON, ARMED WITH
THE AFL-CIO EXECUTIVE COUNCIL'S SUPPORT, IN ORDER TO
PARTICIPATE THE AFTERNOON OF HIS ARRIVAL EVEN THOUGH HE
HAD TO LEAVE THE VERY NEXT MORNING.

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Message Attributes

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Disposition Approved on Date:
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TAGS: ELAB, PINT, UK, US, GE, JA, MY, (CALLAGHAN, JAMES)
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